

Information Services Board Briefing Paper on the L&I and HCA Health Insurance Portability and Accountability Act (HIPAA) Projects

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Description

The Department of Labor and Industries (L&I) and the Washington State Health Care Authority (HCA) will present status on their HIPAA projects.

Background

The goals of the Health Insurance Portability and Accountability Act (HIPAA) of 1996 are to ensure the continuity of health insurance coverage and to simplify the administration of health insurance. To accomplish these goals, the federal Department of Health and Human Services (DHHS) has established standards in these areas:

- transactions using Electronic Data Interchange (EDI)
- privacy of health information
- security of health information
- national provider, payer, and employer identifiers
- enforcement of the regulations

Agency systems in their current form do not support HIPAA-required data elements or formats, all of the required standard HIPAA transactions, or compliant remote access for service providers. The systems must be able to support these federally mandated requirements by the October 2003 deadline in order to avoid possible federal penalties for non-compliance and/or loss of federal funding for operations and program services.

Other agencies besides L&I and HCA are evaluating the impact of the HIPAA within their respective operations and coordinating efforts. These agencies include the Department of Social and Health Services, the Department of Corrections, the Department of Health, the Department of Veterans' Affairs, and the Office of the Superintendent of Public Instruction.

Status

L&I - L&I completed a feasibility study and gap analysis in the spring of 2001. Five systems required modification to accept standard HIPAA healthcare claim transactions. System changes will also enable automatic transmission of claims from bill processing systems. Programming is in process and testing is scheduled to begin in May 2002. Transition to production is planned for December 2002. Privacy and security requirements are also being addressed by instituting controls regarding access, user authentication, and audit capabilities. L&I is an active participant in a statewide Deputy Directors group that discusses HIPAA compliance policy implications and shares technology solutions.

HCA - The Washington State Health Care Authority (HCA) is impacted by only two HIPAA transactions: 834 for Benefit Enrollment and Maintenance and 820 for Payment for Insurance Products. The Uniform Medical Plan (UMP which is part of HCA) is a medical plan available to PEBB members. UMP claims are handled by a Third Party Administrator (TPA), Harrington Benefit Services, Incorporated. HCA is in the development phase of a new "off-the-shelf" health benefits system that will be HIPAA compliant. April 2003 is the initial target for placing the new system into production.

Issues

- The deadline for compliance with the first rule, EDI Transaction Standards, was originally October 2002. Congress approved an extension of the deadline to October 2003 for

covered entities that submit a detailed compliance plan to DHHS by October 2002 and plan to begin testing the HIPAA modifications by April 2003.

- The HIPAA Privacy Rule (Rule 2) was released in April 2002; covered entities have until April 14, 2003 to comply. HCA has formed an agency HIPAA team that is currently reviewing the results of its privacy gap analysis.
- Industry analysts are predicting the final Security Rule (Rule 3) will be published in August 2002 with a compliance deadline of August 2004.

Recommendation

This briefing is for informational purposes only.